



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

April 5, 1993

Mr. Bruce A. Czyl
Manager, Insurance
USG Corporation
P.O. Box 6721
Chicago, Illinois 60680-6721

Dear Mr. Czyl:

Re: Notification of ILOC Non-renewal, Northern Trust Company, USG Corporation, Jumbo Jensen Quarry, M/041/008, Sevier County, Utah

Thank you for your letter dated March 24, 1993, which confirmed our March 23, 1993 telephone conversation. Your letter indicated that the Northern Trust Company would not be renewing the ILOC currently held by this office for the Jumbo Jensen Quarry. We have received a Notice of Non-Renewal from The Northern Trust Company. The ILOC is due to expire on June 30, 1993.

You indicated that it is USG Corporation's intention to file a replacement surety with this office no later than June 1, 1993. Upon closer examination of our files, I noted that the original reclamation surety was approved by the Board of Oil, Gas and Mining (Board) and Division in 1988. The surety amount (\$216,700) was calculated in 1988 dollars and escalated to 1993 dollars.

By Board directive, reclamation sureties are to be evaluated every 5 years by the Division for accuracy/adequacy. The Jumbo-Jensen Quarry surety estimate is due for its 5-year renewal in 1993. We will need to review the existing reclamation surety estimate and adjust it to reflect 1993 dollars. A 5-year escalation factor will then be added to project the total estimate to 1998 dollars.

If the amount and/or form of surety changes, then Utah mining statute and rules require formal Board approval of the revised reclamation surety. Board hearings are regularly scheduled for the 4th Wednesday of each month. We recommend that a revised surety estimate be calculated prior to USG Corporation's anticipated (June 1/93) filing of a replacement surety.

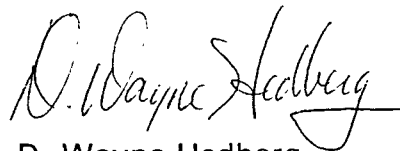
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As part of the 5-year surety evaluation, a mine site inspection is usually performed by the Division. Onsite conditions are compared/confirmed against the approved mining and reclamation plan. Any necessary adjustments to the reclamation surety estimate can be made following the inspection.

A Board hearing is scheduled for June 23, 1993. If we assume that Board approval will be required, then the re-evaluation of the surety estimate must be completed in a timely manner. Therefore, an inspection will need to be scheduled no later than the first week of May 1993.

Would you please have the appropriate mine representative contact me or Mr. Tony Gallegos of this office to schedule a date for this inspection. Thank you for your cooperation in this regard. I apologize for any inconvenience this may cause you. Please call me if you have remaining questions or concerns in this matter.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: David Hollingshead, Jumbo-Jensen mine
Lowell Braxton, DOGM
Minerals staff (route)
M041008.sur